

## Message Text

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46

ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 COME-00 SAJ-01 L-03 TRSE-00

CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15

PRS-01 RSR-01 /072 W

----- 001253

R 201528Z AUG 73

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1283

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E.O. 11652: N/A

TAGS: ETRD EGEN UR US XT JA

SUBJ: PROTEST OF RENTAL INCREASES ON HOTEL SPACE OCCUPIED BY  
FOREIGN FIRMS IN MOSCOW

REF: A) STATE 163561; B) MOSCOW 9596

1. HOTEL RATE INCREASES DESCRIBED REF B AFFECT ALL TRAVELLERS  
A) INDEPENDENT OF TOURS, B) HOLDING DELUXE RESERVATIONS AND  
C) COMING FROM HARD-CURRENTY COUNTRIES. OTHER, MUCH LOWER  
RATES ARE CHARGED TRAVELLERS FROM EASTERN BLOC AS WELL AS  
SOVIET CITIZENS.

2. LOCAL REPRESENTATIVES RANAM AND AMERICAN EXPRESS HAVE  
INFORMED EMBASSY ALSO THAT GREAT MAJORITY WESTERN TOURISTS  
COME TO USSR AS MEMBERS OF TOUR GROUPS, WHOSE HOTEL COSTS  
ARE COVERED IN PREPAID TACKAGE, AND ARE THUS NOT CAUGHT UP  
IN RATE INCREASES.

3. THOSE AFFECTED BY INCREASES THUS ARE PRINCIPALLY WESTERN  
BUSINESSMEN, RESIDENT AND TRAVELLING. IMPACT ON RESIDENTS  
IS SERIOUS, BUT TRAVELLING BUSINESS REPRESENTATIVES HAVE  
NOT EXPRESSED PARTICULAR CONCERN, PROBABLY BECAUSE FEW  
REMAIN IN MOSCOW LONGER THAN 3-4 DAYS DURING ANY ONE TRIP.

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4. IN LIGHT COMMENTS REF A, EMBASSY PROPOSES TO CHANGE

TEXT PARA 2 DRAFT NOTE TO READ (QUOTE) IT IS THE EMBASSY'S UNDERSTANDING THAT WITH EFFECT FROM AUGUST 1 RENTAL CHARGES FOR SPACE IN MOSCOW HOTELS OCCUPIED BY SOME AMERICAN TOURISTS AS WELL AS REPRESENTATIVES OF UNITED STATES BUSINESS FIRMS WERE INCREASED DRASTICALLY, IN CERTAIN INSTANCES BY MORE THAN TWO HUNDRED PERCENT. THE INCREASES WERE GENERALLY IMPOSED WITH PRIOR NOTICE. (UNQUOTE)

5. SIMILARLY, TEXT PARA 3 DRAFT NOTE MAY BE REVISED AS FOLLOWS (QUOTE) THE EMBASSY CANNOT REGARD SUCH MANIPULATION OF HOTELCOSTS FOR FOREIGN INDIVIDUALS AND FIRMS IN MOSCOW AS HELPFUL IN STRENGTHENING EITHER TOURISM OR COOPERATION BETWEEN COMMERCIAL AND ECONOMIC ENTERPRISES OF THE TWO COUNTRIES. THE EMBASSY IS SURPRISED THAT IN VIEW OF THOSE INCREASINGLY FAVORABLE BUSINESS TIES WHICH OUR TWO NATIONS HAVE PLEDGED THEMSELVES TO FURTHER, THE SOVIET AUTHORITIES SHOULD SEE FIT UNILATERALLY TO IMPOSE SUCH INCREASES IN RENT AS WILL HAVE AN ADVERSE EFFECT UPON THE ABILITY OF AMERICAN COMPANIES TO MAINTAIN AN EFFECTIVE PRESENCE IN THE SOVIET UNION . (UNQUOTE)

6. IT NOW APPEARS THAT ALL EMBASSIES CONCERNED PLAN TO SUBMIT NOTES TO FOREIGN MINISTRY ON FRIDAY, AUGUST 24.  
DUBS

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